



DEAN D. EFSTATHIOU, Acting Director

COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

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IN REPLY PLEASE
REFER TO FILE: **WW-2**

November 18, 2008

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**LOS ANGELES COUNTY MARINA DEL REY WATER SYSTEM
RESOLUTION FOR SAFE DRINKING WATER STATE REVOLVING FUND
PROGRAM FUNDING AGREEMENT TO OBTAIN A LOAN OF \$3,780,000
FOR THE MARINA DEL REY WATERLINE REPLACEMENT PROJECT
(SUPERVISORIAL DISTRICT 4)
(3 VOTES)**

SUBJECT

This action is to adopt the Resolution authorizing the Acting Director of Public Works or his designee to sign the Safe Drinking Water State Revolving Fund Program Funding Agreement for a loan of \$3,780,000 for the Marina del Rey Waterline Replacement project.

**IT IS RECOMMENDED THAT YOUR BOARD ACTING AS THE GOVERNING BODY
OF THE LOS ANGELES COUNTY MARINA DEL REY WATER SYSTEM:**

Adopt the Resolution authorizing the Acting Director of Public Works or his designee to:

- Designate revenue from the Marina del Rey Water System Accumulative Capital Outlay Fund, surcharge collected for capital improvements, as the dedicated source of revenue to repay the Safe Drinking Water State Revolving Fund loan for the Marina del Rey Waterline Replacement project (Project No. Y580248).

- Sign the Safe Drinking Water State Revolving Fund Program Funding Agreement to obtain the loan and any amendments thereto, approve the Claims for Reimbursement, sign the Budget and Expenditure Summary, and sign the Final Release form as required for the Safe Drinking Water State Revolving Fund Program.
- When appropriate, certify that the project is complete and ready for final inspection.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this action is to authorize Public Works to sign the Safe Drinking Water State Revolving Fund Program Funding Agreement and designate a dedicated source of revenue in order to obtain and repay a loan in the amount of \$3,780,000 for the Marina del Rey Waterline Replacement project. The project will replace 10-inch-, 12-inch-, and 14-inch-diameter water pipe with 18-inch-diameter water pipe that will enable the water system to meet current fire-flow requirements for existing high-rise structures and enhance water system reliability.

Implementation of Strategic Plan Goals

The County Strategic Plan directs the provision of Service Excellence (Goal 1) and Community Services (Goal 6) by pursuing funding for a project that will enable the water system to meet current fire-flow requirements for existing high-rise structures and enhance water system reliability.

FISCAL IMPACT/FINANCING

There will be no impact to the County General Fund.

Based on the amount of water usage for the past six years, the Marina del Rey Water System Accumulative Capital Outlay Fund (N59) will collect an annual minimum of \$734,000 in capital improvement surcharges over the next 20 years. Approximately \$261,000 of the surcharge collected will be set aside annually for the purpose of repayment of the amortized loan. As required by the California Department of Public Health (CDPH), Project No. Y580248 has been set up within the Marina del Rey Water System Accumulative Capital Outlay Fund to establish accountability for the project expenditures, loan receipts, and loan and interest payments.

Once the project is approved and a contract is awarded and as expenditures are incurred for the Marina del Rey Waterline Replacement project, Public Works will begin

drawing the loan to reimburse the project costs on an ongoing basis through project completion. During construction, repayment for interest accrued on loan funds received from the State will be repaid semiannually. Once the project is completed, the loan principal amount of \$3,780,000 will be repaid by the Marina del Rey Water System over 20 years at a 2.836 percent interest rate through semiannual payments currently estimated by CDPH at \$118,247.

Funds will be set aside annually and included in the Marina del Rey Water System Accumulative Capital Outlay Fund budgets to insure funds are available for a loan repayment reserve equal to two semiannual payments.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On November 16, 2004, your Board authorized Public Works to apply for a loan from CDPH for funds appropriated under the Safe Drinking Water State Revolving Fund for the purpose of funding a water system infrastructure project on behalf of the Marina del Rey Water System.

On September 28, 2007, CDPH issued a Notice of Acceptance of Application to the Marina del Rey Water System committing \$3,780,000 from the Safe Drinking Water State Revolving Fund for the Marina del Rey Waterline Replacement project.

Adopting the attached Resolution is required by the funding agency. The attached Resolution has been approved as to form by County Counsel. The Marina del Rey Water System is a public water system owned and operated by the County, which has the legal authority to enter into a contract with CDPH Services per Government Code 23004.

The Marina del Rey Water System consists of 10-inch-, 12-inch-, and 14-inch-diameter water pipes creating a pipeline loop encircling the Marina. The loop includes a 10-inch-diameter water pipeline that crosses underneath the main channel of Marina del Rey Harbor. Maintaining this portion of the loop system is costly, especially for repairs of periodic leaks in the pipeline. Consequently, it is anticipated that this portion of the pipeline loop will be abandoned in the future. The Marina del Rey Water System provides a maximum of 4,000 gallons per minute for fire protection. While existing flow capacity is legally adequate as grandfathered, abandonment of the undersea portion of the loop will also trigger the requirement of meeting the current fire-flow requirement of 5,000 gallons per minute. The Safe Drinking Water State Revolving Fund will provide the funds for this necessary project.

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ENVIRONMENTAL DOCUMENTATION

On August 29, 2006, your Board approved the Negative Declaration for this project. On September 6, 2006, a Notice of Determination was filed with the Registrar-Recorder/County Clerk.

The recommended action is within the scope of the project in the previously adopted Negative Declaration.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The Resolution and authorizations will have no impact on current services.

CONCLUSION

Please return two adopted copies of this letter and one signed original of the Resolution to the Department of Public Works, Waterworks Division.

Respectfully submitted,



DE DEAN D. EFSTATHIOU
Acting Director of Public Works

DDE:AA:dv

Attachment

c: Chief Executive Office (Lari Sheehan)
County Counsel
Department of Beaches and Harbors

**RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF
LOS ANGELES, CALIFORNIA, ACTING AS THE GOVERNING BODY OF THE
LOS ANGELES COUNTY MARINA DEL REY WATER SYSTEM AUTHORIZING THE
DIRECTOR OF PUBLIC WORKS OR HIS DESIGNEE TO SIGN FUNDING
AGREEMENT AND AMENDMENTS FOR FUNDING UNDER THE SAFE DRINKING
WATER STATE REVOLVING FUND, TO APPROVE CLAIMS FOR
REIMBURSEMENT, TO EXECUTE BUDGET EXPENDITURE SUMMARY, TO SIGN
THE CONTRACTOR'S RELEASE FORM, TO SIGN THE CERTIFICATION OF
PROJECT COMPLETION, AND DEDICATING REVENUES FROM THE MARINA DEL
REY WATER SYSTEM SURCHARGE ALLOCATED TO CAPITAL IMPROVEMENTS
AS THE DEDICATED SOURCE OF REVENUE TO REPAY SAID LOAN**

WHEREAS, on December 30, 2004, the Los Angeles County Marina del Rey Water System made application to the California Department of Public Health for a loan of Three Million Seven Hundred Eighty Thousand and 00/100 Dollars (\$3,780,000.00) under the Safe Drinking Water State Revolving Fund; and

WHEREAS, on September 28, 2007, the California Department of Public Health issued a Notice of Acceptance of Application to the Marina del Rey Water System committing Three Million Seven Hundred Eighty Thousand and 00/100 Dollars (\$3,780,000.00) from the Safe Drinking Water State Revolving Fund for the Marina del Rey Waterline Replacement project (Project No. 1910204-013); and

WHEREAS, on September 11, 2007, the Marina del Rey Water System submitted a project budget totaling Three Million Seven Hundred Eighty Thousand and 00/100 Dollars (\$3,780,000.00); and

WHEREAS, on September 28, 2007, the California Department of Public Health, through its Agent, the California Department of Water Resources, committed funding in the amount of Three Million Seven Hundred Eighty Thousand and 00/100 Dollars (\$3,780,000.00) under the Safe Drinking Water State Revolving Fund program; and

WHEREAS, the Funding Agreement under the Safe Drinking Water State Revolving Fund will provide for a twenty (20)-year repayment period at a 2.2836 percent interest rate; and

WHEREAS, prior to the California Department of Public Health issuing said Funding Agreement, said Board of Supervisors is required to pass a Resolution formally establishing a dedicated source of revenue to repay said loan, authorizing an officer to execute said Funding Agreement and amendments, designating a person to approve claims for reimbursement, designating a person (registered engineer) to sign the Budget and Expenditure Summary, designating a person (registered engineer) to sign Certification of Project Completion, and designating a person to sign the Contractor's Release form.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED, that the Acting Director of Public Works or his designee is hereby authorized to sign the Safe Drinking Water State Revolving Fund Program Funding Agreement and any amendments thereto; and

BE IT FURTHER RESOLVED AND ORDERED, that the Acting Director of Public Works or his designee is hereby authorized to approve Claims for Reimbursement under the Safe Drinking Water State Revolving Fund Program; and

BE IT FURTHER RESOLVED AND ORDERED, that the Acting Director of Public Works or his designee is hereby authorized to execute the Budget and Expenditure Summary for the Safe Drinking Water State Revolving Fund Program; and

BE IT FURTHER RESOLVED AND ORDERED, that the Acting Director of Public Works or his designee is hereby authorized to sign the Contractor's Release form for the Safe Drinking Water State Revolving Fund Program; and

BE IT FURTHER RESOLVED AND ORDERED, that the Acting Director of Public Works or his designee is hereby authorized to certify that the project is complete and ready for final inspection; and

BE IT FURTHER RESOLVED AND ORDERED, that the Board of Supervisors does hereby designate a portion of the revenues from the surcharge collected for capital improvement as the dedicated source of revenue to repay this Safe Drinking Water State Revolving Fund loan. This dedication shall remain in full force and effect until such loan is fully discharged, unless modification or change of such dedication is approved in writing by the California Department of Public Health. If for any reason, said source of revenue prove insufficient to satisfy the debt service of the Safe Drinking Water State Revolving Fund loan, sufficient funds shall be raised through increased water rates, user charges, or assessments or any other legal means available to meet this loan obligation and to operate and maintain this project.

The foregoing Resolution was adopted on the 18th day of NOVEMBER, 2008, by the Board of Supervisors of the County of Los Angeles as the governing body of the Los Angeles County Waterworks District No. 29, Malibu.



SACHI A. HAMAI
Executive Officer of the
Board of Supervisors of
the County of Los Angeles

By 
Deputy

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.
County Counsel

By 
Deputy